

From: <LCALV@aol.com>
To: <Tmunson.nrogm@state.ut.us>
Date: 1/28/02 1:20PM
Subject: Red Emerald

m/001/045

Tom,

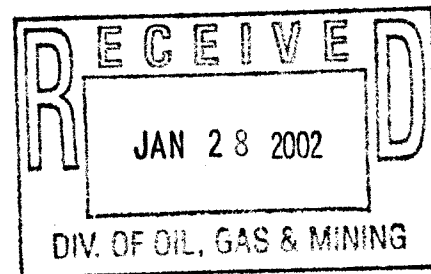
Earle Foster and Clint Christensen asked that I advise you of Red Emerald, Inc.'s desire for the small mine permit application to be deferred until REI has taken back title to the Red Emerald claims. It is my understanding that 80% of GMI's bond has been released to GMI for the reclamation already completed and GMI has agreed to leave the remaining 20% bond until such time as REI substitutes other surety. It is REI's desire that the gate, road, and cabin not be reclaimed and REI is prepared to substitute a \$20,000 surety bond as requested by Utah and BLM, however, as the foreclosure is in the hands of our attorneys we have been advised to defer our mining permit application and posting of a bond until the foreclosure is completed or GMI deeds the claims back to us.

BLM has given notice of the \$20,000 bonding requirement and has allowed 60 days (from 1/14/02) for REI to post the bond. We ask that the Utah Div of Mines cooperate and defer our application for 60 days, as well.

If you have any questions, please contact me.

Sincerely,

Larry C. Apple, CPA
Financial Administrator and
Assistant to the President and Secretary-Treasurer
Red Emerald, Inc.
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